

Message Text

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14

ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-07 COME-00 STR-04 /028 W

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R 180627Z FEB 76

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 4177

INFO AMCONSUL KARACHI

UNCLAS ISLAMABAD 1732

E.O. 11652: N/A

TAGS: EFIN, PK

SUBJECT: OPIC: SINGER SEWING MACHINE CO. REQUEST

FOR RESCHEDULING OF LOCAL CURRENCY LOAN

1. MR. IFTIKHAR AHMED, GENERAL MANAGER OF THE LOCAL BRANCH OF SINGER SEWING MACHINE CO. IN KARACHI, CALLED ON EMBASSY FEBRUARY 17 TO ASK HOW HE SHOULD GO ABOUT REQUESTING A RESCHEDULING OF TWO OPIC LOCAL CURRENCY LOANS, NUMBERS 391-E-050 AND 391-E-118. HE EXPLAINED THAT AT THE TIME BOTH LOANS HAD BEEN CONTRACTED, SINGER EXPECTED TO SERVICE THEM FROM SEWING MACHINE SALES IN EAST AND WEST PAKISTAN. THE BREAKUP OF PAKISTAN IN 1971 CUT BACK THEIR MARKET BY ABOUT HALF, BUT LEFT THEM WITH FULL RESPONSIBILITY FOR BOTH LOANS. DURING THE LAST TWO YEARS, SINGER'S SALES IN THE SMALLER PAKISTAN MARKET HAD PICKED UP CONSIDERABLY, ENABLING SINGER TO TURN A PROFIT LAST YEAR. THIS YEAR, HOWEVER, SINGER'S SALES HAVE BEEN BADLY AFFECTED BY THE RECESSION AND BY RESTRICTIONS ON INSTALLMENT SALES, AND THE PROCUREMENT PROCEDURES THEY ARE REQUIRED BY THE GOP TO FOLLOW IN BUYING THEIR BASIC RAW MATERIAL, PIG IRON, HAVE FORCED THEIR COSTS UP. (SINGER MUST BUY THROUGH THE GOVERNMENT OWNED TRADING CORPORATION OF PAKISTAN, WHICH BOUGHT LARGE STOCKS OF PIG IRON AT HIGH WORLD PRICES AND IS STILL STUCK WITH A SUBSTANTIAL HIGH-PRICED INVENTORY DESPITE THE SUBSEQUENT FALL IN WORLD PRICES.)

2. ACCORDINGLY, SINGER WANTS TO RESCHEDULE THE TWO LOANS. IT WOULD LIKE A GRACE YEAR, WITH NO PRINCIPAL PAYMENTS BEING DUE, FOR 1976; STARTING IN 1977, IT WOULD LIKE TO PAY OFF THE LOANS CONSECUTIVELY (NOT UNCLASSIFIED

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SIMULTANEOUSLY, AS IS NOW BEING DONE), STARTING WITH

THE EARLIER LOAN, AND PICKING UP THE LATER LOAN WHEN THE FIRST ONE IS PAID OFF (MID-1978).

3. EMBASSY ADVISED MR. AHMED TO WRITE A LETTER TO OPIC VICE PRESIDENT FOR FINANCE, SPELLING OUT THE DETAILS OF HIS REQUEST, AND TO SEND IT TO US FOR TRANSMITTAL TO OPIC. WE POINTED OUT THAT RESPONDING TO HIS REQUEST WAS ENTIRELY THE RESPONSIBILITY OF OPIC, AND THAT WHILE WE WOULD BE HAPPY TO TRANSMIT HIS APPLICATION WE COULD MAKE NO COMMENT ON THE SUBSTANCE OF IT. WE ALSO ASKED HIM TO KEEP EMBASSY AND/OR CONGEN KARACHI INFORMED OF HIS EFFORTS.

4. IF THERE IS ANY FURTHER ADVICE OPIC BELIEVES WE SHOULD GIVE MR. AHMED, PLEASE LET US KNOW.
BYROADE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEVELOPMENT LOANS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ISLAMA01732
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760060-0716
From: ISLAMABAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760240/aaaabixl.tel
Line Count: 75
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ullricre
Review Comment: n/a
Review Content Flags:
Review Date: 19 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 JUL 2004 by oatisao>; APPROVED <01 SEP 2004 by ullricre>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC: SINGER SEWING MACHINE CO. REQUEST FOR RESCHEDULING OF LOCAL CURRENCY LOAN
TAGS: EFIN, PK, SINGER SEWING MACHINE CO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006